

Solid Waste Funding Workgroup April 13, 2012, Meeting Notes

The meeting was held from 9:00 a.m. to Noon in the Con Con Conference Room, Atrium South, Constitution Hall, Lansing, Michigan.

The workgroup was welcomed. The members introduced themselves and identified which organization they are representing.

Tom Frazier	Michigan Townships Association
Sandy Rosen	Michigan Recycling Coalition
Michael Csapo	RRRASOC representing waste authorities
Linda Gobler	Michigan Recycling Partnership (for Bill Lobenherz)
Gary Dawson	Consumers Energy Company representing Type III landfill interests
Patty O'Donnell	Northwest Michigan Council of Governments representing the Michigan Association of Regions (Phone)
Dan Batts	Representing Michigan Waste Industries Association (For Tonia Olson)
Nick Carlson	Goodwill Association of America representing reuse stores
Roger Simon	Louis Padnos Iron & Metal Company representing Institute of Scrap Recycling Industries
Bill Allen	Kent County Department of Public Works representing Waste to Energy facilities and County Public Works Departments (for Doug Wood)
Andy Such	Michigan Manufacturers Association representing MMA
William Hinz	Allegan County Health Department representing Health Departments (MALPH)
Jamie Clover Adams	Department of Environmental Quality, Executive Division
Liz Browne	Department of Environmental Quality, Resource Management Division
Rhonda Oyer	Department of Environmental Quality, Resource Management Division
Matt Flechter	Department of Environmental Quality, Resource Management Division
Christina Miller	Department of Environmental Quality, Resource Management Division
Also invited but unable to be present were...	
Jason Geer	Michigan Chamber of Commerce
Geoffrey Donaldson	St. Clair County representing Michigan Association of Counties
James Clift	Michigan Environmental Council
Jason Mancini	Michigan Municipal League representing MML

The notes for the March 9, 2012, meeting will be distributed at the April 27, 2012 meeting.

Jamie Clover Adams spoke to the Solid Waste Funding Workgroup (SWFW) about the DEQ administration's perspective regarding the "sustainability fee". The SWFW had requested the perspective of the DEQ to better evaluate the feasibility of the approach. It was recommended that a broad coalition of supporters be developed. It is not likely to move in the current political environment. It was recommended that the gap funding be devised in a way that is something

that all stakeholders can support because it may end up being a longer term funding source if the sustainability fee does not develop.

The SWFW had previously planned to include within the final report a short term “gap funding” and long term funding (sustainability fee). Workgroup members advocated for speaking generally about the short term funding mechanism in the report and saving the details for the DEQ budget process as short term funding was not included in the charge. The workgroup charge was discussed:

Sec. 601. (1) The department shall develop a report that addresses implementation of the state’s solid waste policy.

At a minimum, the report shall do both of the following:

(a) Identify options for long-term funding for the solid waste management program. For each option, the report shall take into account the extent to which additional activities or materials, or both, such as recycling, composting, and beneficial reuse would impact the long-term funding of the solid waste management program.

(b) Assess the feasibility of contracting out landfill inspections.

(2) The department shall provide the report prepared under subsection (1) to the state budget director, the house and senate appropriations subcommittees on environmental quality, and the house and senate fiscal agencies by June 30, 2012

The report will include a description of the challenges posed by the current surcharge funding mechanism and the advantages of the long-term funding made available by the sustainability fee.

The inspection sub-committee has concluded their work and their recommendation is to not support contracting out inspections of solid waste management facilities. Draft language was shared with the SWFW. The subcommittee will amend the language to make it suitable to include in the report.

An updated set of funding scenario spreadsheets was shared with the SWFW. The handouts included 7 scenarios with various combinations of solid waste surcharge funding on different facilities. Also, scenarios were included with the \$1 million “trash to jobs” fund, surcharge on waste utilization activities, and graduated surcharges.

The following information was used to create the scenarios:

a) Solid Waste disposed in Type II municipal solid waste landfills will continue to decrease at a rate of about 5% each year, currently about 13.8 million tons.

b) Solid waste disposed in Type III captive landfills will remain steady at about 1.8 million tons.

c) Waste utilization at Materials Recovery Facilities and composting facilities will increase at about 5% each year, currently about 1.0 million tons.

d) The rate of inflation will be about 2%.

e) The solid waste program costs will be \$7.45 million in 2014 (47.3 FTEs).

The workgroup agreed that the SW surcharge should be increased and expanded to include utilization activities and that the surcharge be graduated. **The SWFW did not support including the \$1 million “trash to jobs” fund in this effort.**

The surcharge amount for captive Type III was discussed. It was recognized that there is no clear justification for having the surcharge be 50% of the MSW surcharge. **The scenario will be adjusted to charge captive Type III landfills a surcharge commensurate with the level of effort expended.**

Regarding the surcharge on waste utilization activities, it was recognized that the current scenario of charging waste utilization activities 20% of the solid waste disposal surcharge will only generate about \$160k/year. **The workgroup requested that the number be evaluated to increase the amount of revenue generated for recycling activities and reevaluate the waste utilization staff level and the funding source, recognizing that this revenue will be used primarily for the regulatory activities associated with waste utilization.**

The SWFW discussed charging solid waste transfer facilities a surcharge. Stakeholders recognized that the regulatory costs associated with transfer stations are less than those of landfills. The merits of double charging the waste were discussed, whereas the waste would pay a surcharge at the transfer facility and landfill because there are solid waste policy activities at both locations. The stakeholders discussed the challenges of charging incinerators the various surcharge fees and agreed they should not be charged a fee other than at the point of disposal. **The SWFW requested a scenario be developed that identifies a fee for transfer stations and processing facilities.**

The SWFW was informed of a plan being discussed to use a low interest loan program available to state departments to help attain funding for the technology needs associated with a waste utilization measurement program.

Next Meeting is April 27, 2012, 9:00 a.m. to Noon, Con Con A & B Conference Room, Atrium South, Constitution Hall, Lansing, Michigan.